

**NRECA Conference Notes**  
**January 31, 2013**  
**Comments Summary and Q&A Responses**

**GSA Federal Acquisition Service Panelists:**

**Jeff Koses**, Director of Acquisition Operations, Office of General Supplies and Services, GSA  
**Lena Trudeau**, Associate Commissioner of Innovations, Office of Strategic Innovations, FAS, GSA  
**Jim Ghiloni**, OASIS Program Manager, Office of General Supplies and Services, GSA

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**Lena:**

- My role is to find new ways to generate value and save money. I've focused on less on technology per se, and more on the effectiveness of our business models, processes and practices.
- Strategic sourcing is one of the levers we can use to generate value. As we look across our portfolio, our goal is to bake strategic sourcing principles into the way that we do business.
- GSA is being more intentional of what we buy, how we buy it, and also -- how we use what we buy. Our focus is on more than cost savings through a sourcing event – it's important to look at the total cost of ownership.
- There's no denying that strategic sourcing works. Since 2010, GSA has seen over \$200M in savings through strategic sourcing. Now more than ever, there is no money to spare or waste. We intend to bring more spend under management, because that's just good business.
- Level III Data gathered through strategic sourcing helps us to identify sub-optimal behaviors and then work to change those behaviors. For example, in the case of domestic delivery services, we've been able to identify high cost shipping behaviors – such as instances where Saturday delivery is often selected when a delivery is destined for a business address. We can work to educate specific shippers about the savings they can achieve by selecting lower cost delivery category. That's only one example of how we can better leverage data to lower spend, without sacrificing quality.
- One final thought – we have the opportunity today to shift the perception most people have of procurement shops as *cost centers* to *strategic partners*, and *generators of value*. Through effective procurement practices, we can help agencies save money – money that is sorely needed for mission-critical activities. To do this, strategic sourcing has to be one of the tools in our toolbox.

**Jeff:**

- GSA is focusing on building an 'open communication processes' via GSA Interact and is asking Industry to weigh in on the questions posed. These questions are designed to help us make better decisions at the end point.
- So, what do we mean about strategic sourcing in the OASIS construct?

- Strategic sourcing, as a concept, is about - *what are you buying and how do you buy it better.*
    - It's not about looking for lowest price technically acceptable (LPTA). It's about managing financial resources and exercising sound economic practices. We do not think of professional services as a commodity, but rather as a strategy.
  - Anytime we are talking about a strategic source vehicle, we are talking about a series of goals and saving opportunities such as:
    - Changing consumption and behavior patterns
    - Economic performance = better outcomes
  - In acquiring services, we ask what are the challenges:
    - Limited visibility
    - Lack of granular information on what we are buying
    - The need to create a level playing field
    - Inadequate market research to develop the best acquisition strategy
    - Limited transparency
    - Contract types that do not evolve
    - Lack of collaboration between Government and Industry resulting in failed procurements and repetitive procurements
  - There are very real and important data requirements and by establishing a common inventory, we can have agency to agency conversations. But in order to have these good conversations, we need a common language.
  - Jack Kelly of OMB asked us *"How are you going to ask agencies to share? How will this work?"* It will work through:
    - Increasing transparency
    - Using pricing dashboards
    - Sharing information amongst agencies
    - Eliminating duplicative contracts
    - Replicating best practices
    - Developing hybrid contracts and taking steps to transition non-fixed price to fixed-price contracts when it's a good fit.
  - As a result of decreasing budgets, we are more likely to see agencies focus on their core mission and have a stronger focus on Small Business providing their mission. Our workforce will be reduced and therefore needs to be more efficient. Will we achieve all of this in one generation? No, over several generations and we'll keep propelling towards a better tomorrow. That is what strategic sourcing means in the OASIS confines.
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**Questions:**

**Q: Why was OASIS made a strategic sourcing initiative? Where is the guidance?**

**A:** (Jeff) When the OASIS Business Case was shared across government through the MAX portal, the response was: 'let's build key strategic sourcing concepts into it.' You'll find the overarching guidance in OMB's Memo #M-13-02 dated December 5, 2012. OASIS a natural outgrowth from exploring alternatives and talking with other agencies and OMB in seeking the answers to, *how do we improve efficiency and how do we get good data?*

**Q: What is the role of teams in OASIS?**

**A:** (Jeff) The offeror will be evaluated (among other things) on:

- The ability to pull teams together and manage them
- The ability and experience to manage and integrate these teams.

**Q: What is the goal of OASIS? What is OASIS designed to do? The business case was confusing because it discussed other acquisition vehicles.**

**A:** (Jeff) There is an internal version of the Business Case, which is developed internally, so that we are able to marshal the resources needed to develop and execute the project; from there we then develop an external Business Case to demonstrate how OASIS is not a duplicative or redundant vehicle.

**A:** (Jim) The goal is to fill a niche. The objective of the external Business Case is to describe a gap that exists and to discuss the solutions that can be offered. The gap we've identified is the need for complex, integrated professional services across multiple areas. When we looked at what was out there to address this gap, we saw that not a single vehicle was able to provide complex integrated services. I think that once released, the draft RFP will address your questions. Don't jump to the conclusion that the Business Case offers the full picture.

**Q: What does strategic sourcing mean in the context of OASIS?**

**A:** (Jeff) It's not a question of trying to take complex services and smash them all into a cookie cutter solution. It is to address the same services offered to the same Agency by the same vendor at multiple prices on multiple vehicles.

Services strategic sourcing is significantly different because of the complexities. We have the ability and responsibility to be smarter about how we are buying and for doing the right thing. This is about Government and Industry together moving up the value chain and by GSA being a better customer we can be better buyers.

**Q: As you look across any Agency, how are you determining the right price?**

**A:** (Jim) Cost is cost, and fixed price arrangements generally do not cause us problems. Time-and-materials and labor-hour pricing arrangements are what vary significantly in terms of pricing and that is what standardized labor categories are meant to address.

Regarding labor categories and rates, standardized labor categories allows us to talk to one another in a common language. For example, a civil engineer is a civil engineer with a bell curve of rates. By understanding the bell curve for engineering rates, we can publish those rates and the bell curve will shrink. We are talking about basic contracting, in asking, how do you know the right rate? By equipping the Contracting Officer with the right information, giving them some data to better understand the market place, they will have the ability to shrink the bell curve.

Strategic sourcing in this context is about having a library of data and sharing it across Government to foster better procurements. It's about helping the Contracting Officer identify the right type of team and to understand what is working well from a total cost of ownership - not just price. If GSA can get to this point a little better, you will find it easier to sell to us.

**Q: How is the data of the bell curve going to be used, especially with the Rule of Two? You could find a loophole to exclude Small Business (SB).**

**A:** (Jim) OASIS is two contracts: OASIS (unrestricted) and OASIS-Small Business (OASIS- SB). We want to make sure we have made the distinction clear. The Rule-of-Two requires an analysis of the requirements as compared with the capabilities that exist within the Small Business community at the time of the requirement. I don't perceive a situation that will exclude Small Business on the basis of their rate structure. I think at the task order level, it will promote Small Business. Just by reviewing Schedules, we know that there is a variety of rates. On both the OASIS-SB and OASIS solicitations, we want to make sure we truly know more about the goods we are getting, rather than simply getting a good proposal, by an exceptional writer who is selling them.

We can at least take a few steps down the road in this first generation. OASIS' intent is to promote Small Business and help them to move forward to securing more business.

**Q: There has been some discussion on geographic rate differentiation. Where does that currently stand?**

**A:** (Jeff) Many agencies are asking us to look at a geographic-based model and asking, is there a way to do this looking at the level of complexity? We saw your emails and blog responses on this subject and know that you are concerned about the level of overhead to manage this. We are exploring ways to manage this challenge.

(Lena) We are looking at contract spend; OASIS is a conduit to develop data to enhance business decisions.

**Q: Mission and business requirements are what drive flexibility, is that a part of this activity?**

**A:** (Jeff) Government's common themes are:

- Budget limitations
- Recognition of need to improve procurement process
- Timeliness of actions
- Tension between Program Office and Contracting Offices

Elements that can influence price are:

- The office of the Agency and its environment
- The oversight and leadership
- The market influence - low or high density.

**Q: For Agencies to divest themselves of divergent contracts, what is the carrot and what is the stick?**

**A: (Jim)** We don't have a stick; it's all about carrots. OASIS is filling a market niche:

- It fulfills FAR 16 requirements to streamline
  - It relieves agencies of the time and cost to issue multiple full and open procurements
  - It allows us to touch a broader market, facilitate best practices and educate those that are operating in a vacuum, to engage in a dialogue
  - It provides an environment that meets our customers' needs and allows them to focus on their mission
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